

UTAH ALTERNATIVE FUEL VEHICLE INCENTIVES AND LAWS



Utah is the proud home of the Salt Lake City Clean Cities Coalition.

Overview

Utah offers a tax credit and a loan program as incentives for alternative fuel vehicles (AFVs). The state provides a 20% tax credit, up to \$500 for each new AFV registered in Utah, and a 20% tax credit, up to \$400 for the cost of conversion equipment for compressed natural gas (CNG), liquefied petroleum gas (LPG), and electric vehicles. The Office of Energy Services offers a loan program for the purchase of dedicated AFVs, conversion of AFVs, or for the construction of refueling facilities for AFVs. The Office of Energy Services also provides technical assistance and information on AFV conversions.

Highlights

- \$ 50% tax credit, up to \$500 for purchase of a CNG, LPG, or electric vehicle and up to \$400 for conversion of a vehicle to run on CNG, LPG, or electricity.
- \$ \$1,000 - \$2,300 per vehicle credit against ground transportation fees from the Salt Lake City Airport Authority.

State Incentives

- \$ The state provides a tax credit (\$500 maximum) for each new AFV registered in Utah and a \$400 maximum for the cost of conversion equipment if the vehicle is fueled by propane, CNG, or electricity; fueled by another fuel that the Utah Air Quality Board has determined to be at least as effective in reducing air pollution; and meets Federal Clean Air Act Amendments (CAAA) requirements. This tax credit applies to tax years beginning January 1, 1992, and ending December 31, 2001. For additional information, contact Patti Kimes, Utah Department of Environmental Quality, at (801) 536-4012.

The Utah Office of Energy Services provides low-interest Clean Fuel Loans to businesses and no-interest loans to public agencies to either convert to using cleaner-burning transportation fuels or acquire vehicles from the manufacturer that operate on a clean fuel. Any business or public agency is eligible to apply for Clean Fuel Loan funds. Not all vehicles in a fleet need to be converted to qualify. A business owner or fleet operator may obtain an application from the Office of Energy Services. The Office of Energy Services reviews the loan application and determines the repayment schedule of the loan. After borrower approval, a standard state contract is executed within 30 days. Once approved, the loan applicant is responsible for having the vehicle converted and paying for the work. An invoice copy and copy of the conversion work performed is sent to the Office of Energy Services for reimbursement. If a clean fuel vehicle is purchased, documentation of the costs is required.

The Office of Energy Services will also advise business owners and fleet operators of the following: savings to be realized by using an alternative fuel; qualifying fuels; sources of qualified conversion kits and services; availability of loans for qualifying vehicles; availability of loans up to \$250,000 for the installation of refueling equipment; and a repayment schedule considering the projected savings from conversion to a clean fuel. For more information, contact Joe Waller, Program Manager, at (801) 538-8656, or toll-free at (800) 662-3633.

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Utility/Private Incentives

\$ The Salt Lake City Airport Authority provides incentives to commercial ground transportation providers who either convert to or purchase clean fuel vehicles. The incentives will be in the form of a credit against ground transportation fees. Incentive credit amounts are \$2,300 for the initial conversion of a vehicle, \$1,000 for subsequent vehicles that use initial equipment, and \$1,500 for vehicles purchased that were converted at the factory or originally designed for clean fuel use. Contact Renee Tanner at (801) 535-7735 for additional information.

Mountain Fuel offers technical assistance to customers wishing to convert to CNG vehicles, and will lease conversion and compression equipment. The company will perform financial analysis and fleet consulting for alternative fuel comparisons. Mountain Fuel provides 16 public refueling stations throughout Utah. For more information, call Jack Elizondo at (801) 534-5184.

Laws & Regulations

Senate Bill (SB) 68 (1996) combines the public and private sector clean fuel loan programs into one.

House Bill 43 exempts CNG and electricity from taxes imposed by county and municipal governments when the fuel is used to power a motor vehicle. Utah Code 54-2-1 deregulates the distribution of CNG for use as a motor vehicle fuel.

Road taxes for natural gas and LPG vehicles are collected through an annual sticker permit fee costing either \$36 or \$70 depending on gross vehicle weight (Utah Code 59-13-304). These "clean special fuels" are taxed at a rate of 19¢/gallon less than gasoline (per Utah Code 59-13-201). Current code calls for any increase in the gasoline tax to be equally applied to the special fuels tax.

Utah Code 19-2-105 enables the Utah Air Quality Board to mandate conversion of fleet vehicles to clean-burning fuels as part of the state implementation plan, if such mandate is required to meet Federal health standards. However, conversion to clean fleet vehicles is currently not part of a Utah State Implementation Plan.

To require fleets to use clean fuels, the Utah Air Quality Board must find the use of a clean fuel is necessary to demonstrate attainment and maintenance of National Ambient Air Quality Standards, and reasonably cost effective when compared to other similarly beneficial control strategies. The Board may not require more than 30% of a fleet to use clean fuels before January 1, 1998; 50% before January 1, 1999; and 70% before January 1, 2000.

SB 172 (1992) deregulated the sale of natural gas as a motor fuel.

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Points of Contact

Salt Lake City Clean Cities Coordinator

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Office of the Mayor

Utah Department of Environmental Quality

Division of Air Quality
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Utah Office of Energy Services

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Salt Lake City Airport Authority

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Mountain Fuel

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Metropolitan Planning Organizations

Wasatch Front Regional Council

Mick Crandall (801) 292-4469

Mountainland Association of Governments

Carl Johnson (801) 377-2262

Utah State Transportation Contact

Department of Transportation
Douglas Anderson (801) 965-4377

Utah State Energy Office

Office of Energy and Resource Planning
Utah Department of National Resources
Jeff Burks (801) 538-5428

U.S. Department of Energy

Regional Support Office
Denver Regional Support Office
Ernie Oakes (303) 275-4817

U.S. Department of Transportation Contacts

Federal Highway Administration

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Federal Transit Administration

Region 8
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General Services Administration

Regional Fleet Manager

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U.S. Environmental Protection Agency

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